



JM Sorge, Inc.

50 County Line Road, Somerville, NJ 08876 • (908) 218-0066
FAX (908) 218-9185

January 17, 1995

VIA TELECOPIER
AND REGULAR MAIL

Mr. Steve Sky
K. Hovnanian Companies
65 Jackson Drive
Cranford, New Jersey 07016

Re: Contaminated Soil Recycling
University Heights - Sites C & E

Dear Mr. Sky:

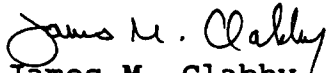
J M Sorge, Inc. (JMS) has contacted numerous soil disposal and/or recycling facilities with regard to properly removing the contaminated soil currently stockpiled on the above-referenced site. After discussions with various facilities and following review of all cost estimates received by JMS, the most cost effective option appears to be recycling the soil at the Soil Remediation of Philadelphia, Inc. (SRP) facility located in Philadelphia, PA.

The contaminated soil will be thermally treated and recycled at SRP in accordance with all current Federal, State and local regulations. A certificate of recycling will be provided by SRP at the completion of the job. The cost for transportation and recycling of the soil to SRP is \$50.60 per ton. We estimate that there are between 600 and 700 tons of contaminated soil currently stockpiled on-site.

Based on our recent discussions with John Bailey, we understand that K. Hovnanian would like the stockpiled soil removed from the site as soon as possible. Therefore, JMS will proceed with securing final acceptance of the soil into the SRP facility for recycling. Some minor additional sampling and analysis of the stockpiled soil will be required to meet the specific terms of SRPs operating permit. JMS will collect the additional samples tomorrow (January 18, 1995) and, following acceptance by SRP, make arrangements for the removal of the soil from the site.

Please give me a call if you have any questions or require additional information with regard to this matter.

Very truly yours,


James M. Clabby
Project Manager

cc: Skip Kelleher (via telecopier)
John Bailey (via telecopier)

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